

AR30

# Bridge & Tank

## 1965 Annual Report

file





(Front and back cover) This is a scale model of Hydro's coal-fired 2,000,000 Kilowatt Lambton Generating station. The main power house building housing the four generating units will be 930 feet long, requiring approximately 18,000 tons of structural steel which is being supplied by Bridge & Tank.

## DIRECTORS

J. A. Gairdner *Toronto*  
J. H. Gairdner *Toronto*  
J. S. Gairdner *Toronto*  
Dr. R. L. Hearn *Toronto*  
Dr. W. F. James *Toronto*  
Victor L. Johnson *New York*  
Harry B. Martin *Toronto*  
D. A. McIntosh *Toronto*  
John D. Park *Toronto*  
W. J. R. Paton *Montreal*  
H. I. Price *Toronto*  
Trumbull Warren *Hamilton*

## OFFICERS

J. A. Gairdner  
*Chairman of the Board*  
J. H. Gairdner  
*Vice-Chairman of the Board*  
John D. Park  
*President*  
W. B. Nicol  
*Senior Vice-President and  
General Manager*  
J. A. Durfey  
*Vice-President—Finance, and Treasurer*  
C. E. Kaddy  
*Vice-President*  
V. G. Lamont  
*Vice-President*  
T. B. Judd  
*Secretary*



## OPERATING DIVISIONS

HAMILTON BRIDGE DIVISION  
Hamilton  
C. E. Kaddy  
*General Manager*  
BRIDGE & TANK WESTERN LTD.  
Winnipeg  
A. Fraser MacDonald  
*General Manager*  
RHEEM CANADA LIMITED  
Hamilton  
Trumbull Warren  
*President*  
W. R. Shivas  
*General Manager*  
VULCAN MACHINERY & EQUIPMENT LTD.  
Winnipeg  
A. G. Cogman  
*General Manager*  
FORD-SMITH MACHINE COMPANY LIMITED  
Hamilton  
J. R. Gairdner  
*Vice-President and General Manager*  
FORD-SMITH COMPAGNIE LIMITEE  
Montreal  
J. R. Gairdner  
*General Manager*

## TRANSFER AGENTS

ROYAL TRUST COMPANY

## ADMINISTRATIVE OFFICES

390 GAGE AVE. NORTH, HAMILTON, ONT.

## TO THE SHAREHOLDERS OF BRIDGE & TANK COMPANY OF CANADA LIMITED

Dear Sir or Madam,

On behalf of the Board of Directors of Bridge & Tank Company of Canada Limited, I take pleasure in submitting herewith the audited Consolidated Balance Sheet of your company for the year ending December 31, 1965 and the Consolidated Statements of Earnings and Earned Surplus for the year ending the same date. I shall also give a summary of the company's operation for the past year.

### EARNINGS

During this period, the company earned \$701,427. as compared to a loss last year of \$162,030. This result is after writing off depreciation of \$338,432. Hence, the total cash flow for the year before providing for dividends or new expansion amounted to \$1,039,859., despite the fact that for 6 months a program of modernization was being pursued, which naturally interfered for a substantial period with our production. The earnings of all but one subdivision are well up over last year.

### WORKING CAPITAL

Our net working capital at the end of 1965 amounted to \$4,207,853. as compared to \$3,959,884. the previous year. Our policy will be to maintain a healthy working capital position in the company to cover any contingency.



LeTourneau-Westinghouse Model B-70 Tournapull with 333 Elevating Scraper — 475 H.P. — 31 cu. yd. capacity, the largest of its kind in production in North America. Sold by Vulcan Machinery & Equipment Ltd., Winnipeg, Manitoba.

### MODERNIZATION

Early in the year, it was brought to our attention that there had been many changes in the method of production and erection of structural steel. We, therefore, immediately planned a modernization of the facilities for the production and erection operations at our Hamilton plant. The overall cost is estimated to be approximately \$700,000. of which approximately \$200,000. has been paid for and the balance committed. The program will not be completed until March 1966 but the benefits of the program in the forms of increased productivity and profits are apparent on the

portion of the program completed at this date.

### ESTIMATED RESULTS IN MODERNIZATION

The principal results from our new facilities should be:

1. a reduction in our direct costs of producing finished products.
2. an extension of ability to handle many types of work not available heretofore, and
3. an increase in the overall annual capacity of our Hamilton facilities of approximately 75% as our personnel adapt themselves to the new production methods.

#### **HAMILTON BRIDGE DIVISION**

The backlog of work at the Hamilton Plant is the highest in the company's history and amounts to approximately \$14,000,000. This backlog consists principally of structural steel which is being produced in an economical manner as a result of our new modernization program. These new facilities also allow the economical production of tanks and pressure vessels which should be in demand as a result of the heavy construction program in Canada for 1966 and 1967. In addition this plant has a large well-equipped machine shop which is doing heavy machining operations for steel mills and other heavy industry in the Hamilton area. This machine shop also does the principal manufacturing work for the Ford-Smith subsidiary.

#### **BRIDGE & TANK WESTERN LTD. (100% owned)**

This company is engaged in the manufacture of structural steel and in specialty heavy engineering products such as pressure vessels, tanks, flotation cells and other equipment required for the mining industry, and specialized equipment required for the grain trade. This division had been running at a loss for the past four years. However, a new plant has now gone into operation on the outskirts of Winnipeg and this division of the company is now operating in a profitable manner.

#### **VULCAN MACHINERY & EQUIPMENT LTD. (100% owned)**

This company engages in the sale of heavy construction equipment such as tractors, graders, rollers, etc. in the Winnipeg area. It is now operating out of a modern building which has been designed specifically as a sales agency for machinery. This company is actively

pursuing agencies for new lines of equipment to increase the volume of business of the company.

#### **FORD-SMITH (100% owned)**

This company engages in the sale of hydraulic hoists, fifth wheels, grinding machines and rollers for the construction industry in Quebec, Ontario and Manitoba. An aggressive sales force has been organized to carry out this work. Profits in this division have shown a substantial increase.

#### **RHEEM CANADA LIMITED (50% owned)**

This company manufactures drums and steel shipping containers for the petroleum, food and chemical industries, transformer cases for the electrical industry, and water heaters for domestic use. Sales for the year reached an all time high and profits increased substantially over the previous year. Operations in both Edmonton and Hamilton are at a high level.

#### **BRITISH ROPEWAY DIVISION OF BRIDGE & TANK**

Substantial advances have been made in the promotion and sale of aerial tramways during the past year. Such a tramway was sold to Expo '67 at a cost of \$800,000. which will be used for passenger sightseeing. A similar installation has been sold to J. W. (Patty) Conklin for use in the Canadian National Exhibition at a cost of approximately \$600,000.

There is considerable cost saving to be made in the long distance transportation of timber or mineral raw materials by aerial tramways over operation by truck or rail. These advantages are being recognized in the industry and we have two major ropeway developments under consideration which are estimated in the millions of dollars. We are confident that

in time a market will develop for these aerial tramways.

#### **MECHANICAL CONTRACTING DEPARTMENT OF BRIDGE & TANK**

Your company has organized a mechanical contracting division which will have its headquarters in the Hamilton Division Plant. This department was organized to furnish material and install mechanical and piping installations in connection with pulp mills, fertilizer, chemical and power plants. A sizeable contract was obtained shortly after the formation of this department for the mechanical installation of a fertilizer plant and we are actively pursuing additional work of this nature.

#### **ENGINEERING**

We have a sizeable staff of engineers who are located at the Hamilton Division. This group of engineers are being augmented by a group of highly trained engineers experienced in electrical, chemical and civil engineering. A new company called Resources Engineering of Canada Limited has been organized to co-ordinate our engineering work. When the formation of this group is complete, we will be in a position to provide a turn-key job consisting of engineering, supply of materials, and labour for the construction of complete chemical plants, mining installations, smelters, and other heavy engineering installations.

#### **CHANGES IN SENIOR PERSONNEL**

Mr. John D. Park was appointed President of your company in May of 1965. Mr. Park is an engineer and business executive experienced in construction, structural steel, and heavy engineering work.

Mr. Charles Kaddy has been appointed

as General Manager of the Hamilton Bridge Division. Mr. Kaddy is an experienced executive with many years of association with the heavy construction industry.

Mr. James R. Gairdner has been made the Vice President and General Manager of the Ford-Smith Division which is showing substantial increase in earnings as a result of its new organization.

#### OUTLOOK FOR 1966

The market for structural steel is very competitive due to the number of small shops which operate with a very minimum of overhead. It is the objective of our company to concentrate on large orders requiring the skills and facilities of a larger company and to take this work only on the basis of fair and reasonable profit margins. We also propose to concentrate more on the specialty fabricated units which require a higher ratio of labour and skills such as fabricated machine works, pressure vessels, and heavy engineered items.

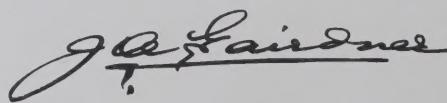
We anticipate that the heavy construction program envisioned for Canada will result in the continued expansion of our activities and we look forward to a substantial increase in our earnings for the coming year.

#### DIVIDEND POLICY

The dividend payments on preferred shares have been renewed with a payment of one regular dividend plus one arrears in the last quarter of 1965. An additional regular dividend plus one arrears was declared on December 21st payable March 1st. We propose to continue the double dividend payment through 1966 at which time, if present projections hold, the balance of the arrears will be eliminated by a lump sum payment.

The common shareholders have been patient through the past few years of adversity. Now that the prospects of the company have been improved, we propose to resume payments as soon as the preferred arrears are eliminated, subject of course to the maintenance of a sound working capital position.

Yours very truly,

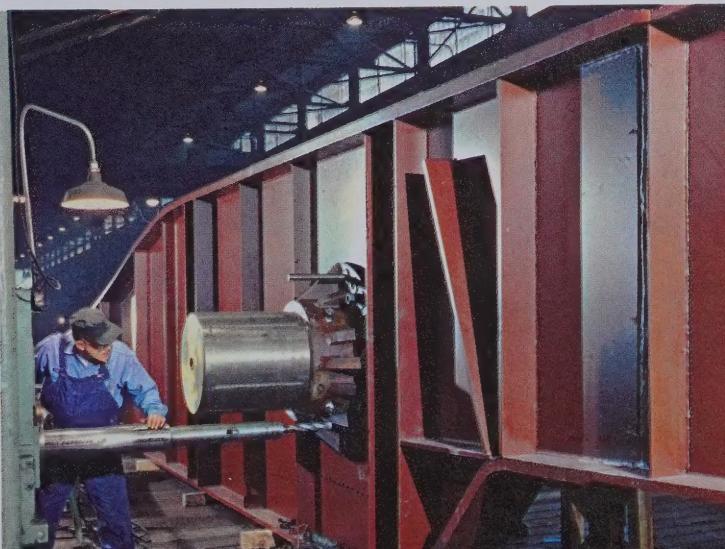


J. A. Gairdner,  
Chairman of the Board.

Right: Slab handling tongs with a lifting capacity of 40 tons.

Opposite page: 110" Vertical Grinding Boring Mill built by Bridge & Tank Western Ltd. for custom grinding of manganese castings. Top right: One of completed girders for C.N.R. Railroad Bridge to Ford of Canada Plant in Oakville. Bottom right: One of four all welded bascule girders exported to Burma by Bridge and Tank.





# Bridge

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## Consolidated

December 31, 1965 with

### ASSETS

#### CURRENT ASSETS:

	1965	1964
Cash	\$ 101,957	\$ 67,196
Marketable securities, at cost (1965, market value \$153,720)	178,654	82,005
Accounts receivable	2,833,242	3,434,675
Conditional sales contracts due within one year	47,347	18,949
Mortgage instalment due within one year, and accrued interest	55,380	75,499
Inventories, valued at the lower of cost or net realizable value	6,879,160	6,298,351
Deposits on contracts (1965, including securities at cost \$245,039; market value \$210,840)	479,516	395,452
Prepaid expenses	44,277	22,485

#### TOTAL CURRENT ASSETS

10,619,533

10,394,612

#### Conditional sales contracts

86,387

13,650

#### Mortgage receivable

52,359

133,417

#### Fixed assets, less accumulated depreciation and amortization (note 1):

Buildings, machinery and leasehold improvements	9,621,971	9,093,415
Less accumulated depreciation and amortization	5,161,515	4,777,612
	<hr/>	<hr/>
Land	4,460,456	4,315,803
	286,790	287,390
	<hr/>	<hr/>
	4,747,246	4,603,193

#### Financing and organization expenses, less amounts written off

45,648

51,096

#### Approved on behalf of the Board:

J. H. Gairdner, Director

John D. Park, Director

\$ 15,551,173

\$ 15,195,968

(See accompanying notes)

#### AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Bridge & Tank Company of Canada Limited and subsidiary companies as of December 31, 1965 and the consolidated statements of earnings and earned surplus for the year ended on that date. Our examination of the financial statements of Bridge & Tank Company of Canada Limited and those subsidiaries of which we are the auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the report of the auditors who have examined the financial statement of a subsidiary whose assets are not material in relation to the total assets.

# z Tank

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Companies

## Balance Sheet

Comparative figures for 1964

LIABILITIES		1965	1964
CURRENT LIABILITIES:			
Bank indebtedness:			
Secured	\$ 2,566,600	\$ 2,373,135	
Other	312,952	325,040	
	2,879,552	2,698,175	
Accounts payable and accrued charges	2,227,602	1,355,978	
Conditional purchase contracts due within one year	253,648	179,792	
Advance billings on uncompleted contracts	771,359	1,965,620	
Income taxes payable	74,293	60,607	
Other taxes payable	158,801	174,556	
Dividend payable	46,425	—	
TOTAL CURRENT LIABILITIES	6,411,680	6,434,728	
Conditional purchase contracts	96,973	88,736	
Possible claims under product guarantees	75,328	119,179	
First mortgage bonds (note 2)	1,430,000	1,633,500	
Minority interest in capital stock and earned surplus of subsidiary company	858,392	795,184	
Shareholders' equity:			
Capital stock (note 3):			
32,017, \$2.90 Sinking Fund Preference shares, par value \$50 each	1,600,850	1,600,850	
1,043,694 Common shares of no par value	1,815,166	1,815,166	
	3,416,016	3,416,016	
Amount arising from appraisal of fixed assets (note 4)	1,243,786	1,330,316	
Earned surplus (note 5)	2,018,998	1,378,309	
	6,678,800	6,124,641	
Contingent liability and commitments (note 6)			
	\$ 15,551,173	\$ 15,195,968	

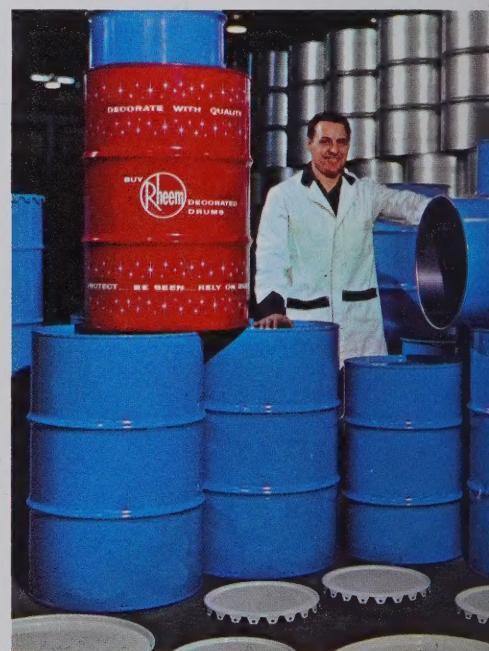
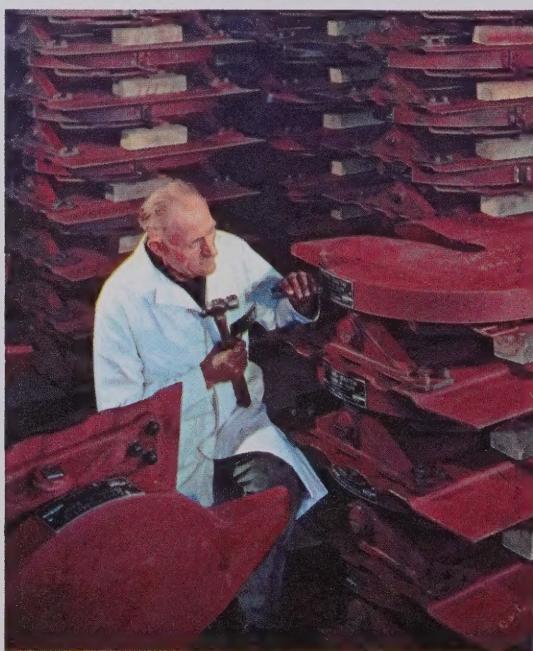
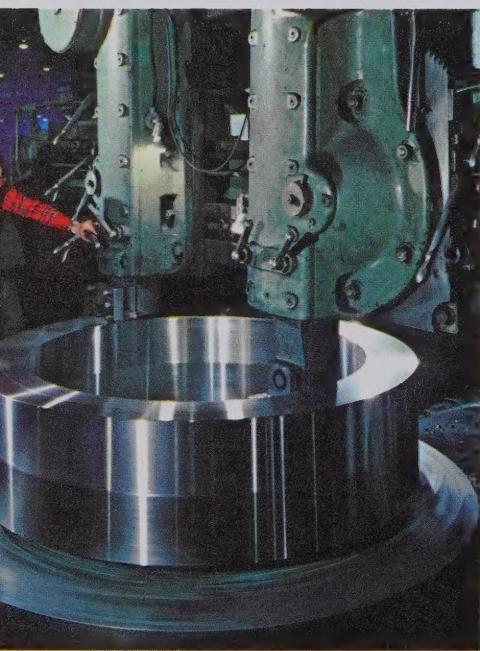
financial statement)

*In our opinion the accompanying consolidated balance sheet and consolidated statements of earnings and earned surplus present fairly the financial position of the companies at December 31, 1965 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.*

Hamilton, Ontario  
February 14, 1966

PEAT, MARWICK, MITCHELL & CO.  
Chartered Accountants

**Top:** Machining high chrome manganese ore crusher rolls for International Nickel. The Fontaine 5th wheel being coded for shipment to the trucking industry. An array of some of the large variety of drums made by Rheem Canada Limited. **Bottom:** Multi head, fully automatic, profile burning machine in the Hamilton plant. Sparks fly as a Rheem Canada steel drum body is flash welded.



## Consolidated Statement of Earnings

Year ended December 31, 1965 with comparative figures for 1964

	1965	1964
Profit from operations before the undernoted items	\$ 1,325,691	\$ 398,635
Add:		
Income from sundry investments	26,250	30,909
Profit (loss) on disposal of fixed assets	(4,156)	26,588
Discount on redemption of first mortgage bonds	<u>4,383</u>	<u>3,365</u>
	<u>26,477</u>	<u>60,862</u>
	<u>1,352,168</u>	<u>459,497</u>
Deduct:		
Bond interest	81,866	89,908
Depreciation and amortization (note 4)	338,432	349,444
Remuneration of directors, as such	6,375	5,500
Financing and organization expenses	<u>5,448</u>	<u>5,448</u>
	<u>432,121</u>	<u>450,300</u>
Profit before taxes on income	920,047	9,197
Taxes on income (note 7)	<u>142,500</u>	<u>126,100</u>
Net profit (loss) before minority interest	777,547	(116,903)
Minority interest in profits of subsidiary	<u>76,120</u>	<u>45,127</u>
Net profit (loss) for the year	<u><u>\$ 701,427</u></u>	<u><u>(162,030)</u></u>

(See accompanying notes to financial statement)

## Consolidated Statement of Earned Surplus

Year ended December 31, 1965 with comparative figures for 1964

	1965	1964
Amount at beginning of year	\$ 1,378,309	\$ 1,540,339
Add:		
Net profit (loss) for the year	701,427	(162,030)
Reduction of prior years' provisions for possible claims under product guarantees, less amount applicable to minority interest	32,112	—
	<hr/> 2,111,848	<hr/> 1,378,309
Deduct dividends on preference shares	92,850	—
Amount at end of year	<hr/> \$ 2,018,998	<hr/> \$ 1,378,309

(See accompanying notes to financial statement)

Final assembly of the well insulated Rheem glass lined water heaters (left). 3 heavy duty, pedestal type grinders being prepared for shipment to foreign and domestic markets by Ford-Smith Machine Company Limited (right).



## Notes to Consolidated Financial Statement December 31, 1965

(1) Fixed assets are stated as follows:

Buildings, machinery and leasehold improvements:	
On the basis of an appraisal report by Stone & Webster Engineering Corporation, dated January 29, 1954, with subsequent additions at cost, less accumulated depreciation \$2,448,919	
At cost, less accumulated depreciation and amortization \$2,632,407	
At values determined by the Board of Directors of a subsidiary company, as of August 31, 1955, with subsequent additions at cost, less accumulated depreciation \$80,189	
	\$2,790,528
	1,613,267
	<u>56,661</u>
	<u>\$4,460,456</u>

### Land:

On the basis of an appraisal report by Lounsbury & Lounsbury Ltd., dated January 18, 1954

At cost

\$ 142,980	
143,810	
<u>\$ 286,790</u>	

### (2) First Mortgage Bonds:

Bridge & Tank Company of Canada Limited:

5<sup>1</sup>/<sub>4</sub>% First Mortgage Sinking Fund Bonds Series A due March 1, 1974

Less redeemed and cancelled

\$2,500,000	
1,214,000	
<u>1,286,000</u>	

Bridge & Tank Western Ltd.:

Twenty-Year Sinking Fund First Mortgage Bonds:

4<sup>1</sup>/<sub>2</sub>% bonds due November 1, 1967

Less redeemed and cancelled

\$600,000	
477,500	
<u>122,500</u>	

Sinking fund cash held by Trustee

41,000	
<u>81,500</u>	

5 <sup>1</sup> / <sub>2</sub> % bonds due April 1, 1973	400,000
Less redeemed and cancelled or held by parent company	<u>337,500</u>
	<u>62,500</u>
	<u>\$1,430,000</u>

(a) The trust deed securing the 5<sup>1</sup>/<sub>4</sub>% First Mortgage Sinking Fund Bonds Series A of Bridge & Tank Company of Canada Limited requires a payment in cash or in Sinking Fund Bonds to the Trustee of not less than \$129,334 on March 1, 1966. This requirement has been met at December 31, 1965.

(b) The trust deed securing the Twenty-Year Sinking Fund First Mortgage Bonds of Bridge & Tank Western Ltd., requires payments in cash or in Sinking Fund Bonds to the Trustee of not less than \$42,500 in respect of the 4<sup>1</sup>/<sub>2</sub>% bonds on November 1, 1966 and \$20,000 in respect of the 5<sup>1</sup>/<sub>2</sub>% bonds on April 1, 1966. The requirement in respect of the 5<sup>1</sup>/<sub>2</sub>% bonds has been met to the extent of \$4,500 at December 31, 1965.

### (3) Capital Stock:

(a)	Shares	Amount
Authorized:		
Preference shares, par value \$50 each	192,467	\$9,623,350
Less redeemed to date	450	22,500
Authorized for issuance	<u>192,017</u>	<u>9,600,850</u>
Common shares of no par value	<u>3,000,000</u>	<u>—</u>
Issued:		
\$2.90 Sinking Fund Preference shares	32,467	1,623,350
Less redeemed to date	450	22,500
Issued and outstanding	<u>32,017</u>	<u>1,600,850</u>
Common shares issued and outstanding	<u>1,043,694</u>	<u>\$1,815,166</u>

(b) The issued preference shares are non-participating and carry a fixed cumulative dividend of \$2.90 per share per annum. The shares are redeemable at \$51 per share.

(c) Under the terms of the sinking fund provisions in respect of the issued preference shares, the company is not required to set aside any cash on May 1, 1966 to be used for the purchase of preference shares for cancellation.

(4) Changes in the amount arising from appraisals of fixed assets are as follows:

Amount at December 31, 1964	\$1,330,316
Deduct:	
Amortization of appreciation of fixed assets for the year ended December 31, 1965 (exclusive of depreciation and amortization of \$338,432 charged against earnings) and amounts written off in respect of disposals	86,530
Amount at December 31, 1965	<u>\$1,243,786</u>

(5) Dividend arrears on the \$2.90 Sinking Fund Preference shares are \$7.97½ per share or \$255,336. On October 5, 1965 the Directors declared a dividend of 72½ cents per share for the quarter ending November 30, 1965 and 72½ cents per share on arrears. The Directors declared a

further dividend of \$1.45 per share on December 21, 1965 payable March 1, 1966 and established a policy of paying \$1.45 per quarter until the arrears are eliminated or until the arrears are paid off in a lump sum.

(6) There is a contingent liability in respect of notes receivable of a subsidiary, amounting to \$330,971, discounted with finance companies.

Commitments for capital additions, including the modernization program, amount to approximately \$800,000 at December 31, 1965.

(7) Taxes on income are shown at the amount estimated to be payable by certain subsidiaries for the year and are after taking into consideration depreciation and other expenses (net) to be claimed for tax purposes in excess of the amounts charged to earnings. The accumulated tax reduction, on a consolidated basis, in respect of these items to the end of 1965 is \$499,400, an increase of \$337,000, of which \$79,900 is applicable to 1965 and \$257,100 is in respect of an adjustment for prior years.

No income taxes are payable by the other companies in the consolidation because of a loss and the loss carry-forward provisions of the relative taxing statutes. Losses carried forward against 1965 profits result in tax savings of approximately \$293,000.



## HAMILTON BRIDGE DIVISION

### *Offices and Plant:*

390 Gage Avenue North,  
Hamilton, Ontario.

### *Partial list of products:*

*Bridges, Tank and Plate Work,  
Structural Steel, Long Span  
Joists, Bins, Storage Tanks,  
Steel Pressure Vessels,  
Elevated Steel Water Tanks, Alliance  
Cranes, Custom Machine Shop Services*

### *Warehouse Steel Division:*

*Beams, Channels, Angles, Plates,  
Floor Plates, Round and  
Flat Bars*

## BRECO AERIAL TRAMWAY DIVISION

*Aerial Tramways, Chair Lifts,  
Aerial Cableways.*

## BRIDGE & TANK WESTERN LTD.

*Office: Sutherland and Maple Street,  
Winnipeg, Manitoba.*

*Plant: Gateway Rd. and Vulcan Ave.,  
North Kildonan, Manitoba.*

### *Partial list of products:*

*Structural Steel and Bridge Fabrication,  
General Plate Fabrication,  
Conveying and Material Handling Equipment,  
Miscellaneous Iron, Grain Handling  
Equipment and Custom Machine Work.*

## FORD-SMITH MACHINE COMPANY LIMITED

### *Office and Plant:*

390 Gage Avenue North,  
Hamilton, Ontario.

### *Partial list of products:*

*Grinding and Polishing Machines,  
"Universal" Automotive and  
Industrial Lifting Equipment,  
Fontaine Fifth Wheels.*

## FORD-SMITH COMPAGNIE LIMITEE

9340 Charles de Latour St.,  
Montreal 11, P.Q.

## RHEEM CANADA LIMITED

*Head Office and Plant:  
128 Barton Street West,  
Hamilton, Ontario.*

*Plant: Edmonton, Alberta.*

### *Partial list of products:*

*Steel Shipping Containers,  
Aluminum Drums, Stainless  
Steel Drums, Hot and Cold  
Rolled Steel Drums, Special Internal  
Coated Drums, Transformer Cases,  
Domestic Gas, Electric and Oil Fired  
Hot Water Heaters, Range Boilers.*

## VULCAN MACHINERY & EQUIPMENT LTD.

*Office and Plant:  
Waverley St. at McGillivray Blvd.,  
Winnipeg 19, Manitoba.*

### *Partial list of products:*

*LeTourneau-Westinghouse and  
other Construction Equipment and  
Parts, Yale & Towne Trojan Div.,  
Chrysler Marine and Perkins  
Diesels, Murphy Diesel Co.,  
Hydraulic Machinery Co., Eimco.*

